

Revenue and Taxation Interim Committee
Utah Legislature
16 Dec 2008 meeting –begins 8:00 a.m.
State Capitol Building - Room C445

Agenda Item #8 – *Perspectives on the Utah Property Tax System* - 11:10 to 11:30 a.m.

Clark Richardson background: Full-time commercial real estate appraiser for 24 years. Experience includes 18 years as a fee appraiser and 6 years as a real estate collateral reviewer for Zions First National Bank and Wells Fargo (current). Have studied the relationship of county assessments and market value over that time, including several formal studies.

An Unjust Property Tax System is the Wrong Tax System

1. County assessments have very rarely approximated actual market value in the past, they don't now, and they won't in the future. The government has no meaningful capacity to determine a proper market value estimate, nor should it try. "The beginning of wisdom is to call something by its proper name." We can begin our quest for wisdom by ceasing to call government assessments "market value". They are not.

2. The assessed values are in very inconsistent ratios to market value estimates among different properties, resulting in unfair treatment of property tax payment among all citizens year in and year out. The result is some pay more than their share, some pay less.

- See assessment vs. market value comparison chart handout.

3. A system that treats citizens unfairly in relation to each other is the wrong system and must be changed. Government leaders have an obligation to correct the system proactively on moral grounds, recognizing that those who pay less than their share rarely (ever?!) complain to government. Leaders therefore need to be more moral than many of the people they lead. "Do unto others as you would have (fair people) do unto you" is the best foundation for policy making as well as personal action.

4. I propose a paradigm shift where property taxes are done away with so that citizens can genuinely own property when they buy it, and shift to point-of-sale taxes for property and other goods. A strong or weak economy is taken account of in this case. Government should not always be able to "get theirs" no matter what the economy is doing.

5. If No. 4 is not accepted, there are at least objective ways to assign county assessment to real estate property that should be explored and implemented. A government that utilizes a subjective methodology as is currently in place is guaranteed to be unfair in the taxes it extracts from citizens. Objective ways for residential property taxation include basing assessment on square footage only, or a flat fee for all residential homes regardless of size.